

## Message Text

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PAGE 01 HONG K 03871 01 OF 02 080859Z

15

ACTION EA-14

INFO OCT-01 EUR-25 NEA-10 ISO-00 IO-14 NIC-01 SAJ-01

CIAE-00 DODE-00 PM-07 H-03 INR-10 L-03 NSAE-00 NSC-07

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OMB-01 ACDA-19 EB-11 NSCE-00 TRSE-00 DRC-01 FEA-02

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FM AMCONSUL HONG KONG

TO SECSTATE WASHDC 262

INFO AMEMBASSY BANGKOK

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AMEMBASSY RANGOON

AMEMBASSY SAIGON

AMEMBASSY TAIPEI

AMEMBASSY TOKYO

USLO PEKING

USMISSION NATO

USMISSION USUN

CINCPAC HONOLULU HI

C O N F I D E N T I A L SECTION 1 OF 2 HONG KONG 3871

CINCPAC FOR POLAD

E.O. 11652: GDS

TAGS: PFOR, CH

SUBJECT: QUARTERLY ASSESSMENT FOREIGN AFFAIRS

SUMMARY: THE VISIBLE IMPACT OF THE DOMESTIC QUARREL ON  
PEKING'S FOREIGN POLICY CONTINUES TO BE MARGINAL AND PRI-  
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PAGE 02 HONG K 03871 01 OF 02 080859Z

MARILY IN PROPAGANDA. RECENT EVIDENCE, HOWEVER, INDICATES

THAT THE DEBATE MAY EXTEND TO THE ISSUES OF TAIWAN, DEFENSE PRIORITIES, CHINA'S ROLE IN THE THIRD WORLD, ITS REVOLUTION-ARY COMMITMENT ABROAD, AND THE SIGNIFICANCE OF ECONOMIC PROBLEMS IN THE CAPITALIST COUNTRIES. SHAPING HIS POLICIES IN THE CONTEXT OF BOTH DOMESTIC AND EXTERNAL EVENTS CHOU AP-PEARS TO HAVE GIVEN WAY ON THE VERBALIZATION OF IDEOLOGICAL POSITIONS IN ORDER TO NEUTRALIZE OR DIVERT CRITICISM FROM THE SUBSTANCE OF HIS POLICIES. THE PREMIER HAS EXPLOITED RECENT OPPORTUNITIES TO UNDERSCORE THE BASIC EVER-SHARPENING CONTENTION IN U.S.-USSR RELATIONS AND TO KEEP THE FOCUS OF AT-TENTION ON SOVIET HOSTILITY TO CHINA. AT THE SAME TIME PEKING HAS BEEN ATTEMPTING TO GIVE GREATER SUBSTANCE AND VIGOR TO ITS ROLE OF THIRD WORLD CHAMPION WHILE CONTINUING TO IMPLEMENT A DYNAMIC AND CLASSICAL DIPLOMACY. END SUMMARY.

1. OVER THE PAST FEW MONTHS, CHOU EN-LAI HAS HAD TO SHAPE FOREIGN AFFAIRS IN THE CONTEXT OF A NEW DOMESTIC STRUGGLE AS WELL AS OF CHANGES IN THE TREND OF WORLD POLITICS. THE OUTLINE OF THE PRESENT DEBATE AS IT TOUCHES ON FOREIGN RELATIONS REMAINS ONLY VAGUELY DISCERNIBLE, BUT NEW ASPECTS ARE EMERGING. MOST CLEARLY, THERE SEEMS TO HAVE BEEN DIFFERENCES OVER THE DEFINITION OF DETENTE AND ITS PSYCHOLOGICAL EFFECT ON THE CHINESE PEOPLE. RECENT EVIDENCE, HOWEVER, INDICATES THAT THE DEBATE MAY EXTEND TO THE ISSUES OF TAIWAN, DEFENSE PRIORITIES, CHINA'S ROLE IN THE THIRD WORLD, AND THE SIGNIFICANCE OF ECO-NOMIC PROBLEMS IN THE CAPITALIST COUNTRIES.

2. THE VISIBLE IMPACT OF THE DOMESTIC QUARREL ON PEKING'S FOREIGN POLICY CONTINUES TO BE MARGINAL AND PRIMARILY VERBAL. SO FAR THIS YEAR, THE MOST CONCRETE MANIFESTATION HAS BEEN IN PROPAGANDA INTENDED FOR THE CHINESE AUDIENCE. THERE HAS BEEN A SHARPENED IDEOLOGICAL PICTURE OF THE U.S. AND OF CAPITALIST SOCIETIES IN GENERAL (HONG KONG 2648). MOST RECENTLY, THE REGIME HAS DRAGGED OUT ATROCITY STORIES TO REVIVE IMAGES AMONG THEIR PEOPLE OF EVIL "IMPERIALISTS," MOST NOTABLY AMERICAN AND JAPANESE (HONG KONG 3307). THIS CAMPAIGN AS WELL AS SOME OF THE ANTI-ANTONIONI POLEMICS AND THE RECENT HEROIC EPIC ON THE PARACELS HAVE EXPOSED A SMALL FLICKER OF THE OLD XENOPHOBIC FLAME.

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PAGE 03 HONG K 03871 01 OF 02 080859Z

3. HOWEVER, DESPITE THE BAD NAME GIVEN WESTERN THINGS, MOST SCHEDULED CULTURAL EVENTS NOW SEEN TO BE GOING AHEAD. LIKE-WISE, PEKING HAS TRIED TO IMPOSE GREATER RESTRAINTS ON FOREIGN NEWSMEN IN CHINA BUT HAS BACKED DOWN FROM ANY SERIOUS SANCTIONS. MOREOVER, WHILE THERE IS STILL POINTED CRITICISM OF TOO MUCH RELIANCE ON FOREIGN TECHNOLOGY, LARGE PLANT PURCHASES CONTINUE. THUS, IN THE FIELDS OF CULTURE, INFORMATION, PROPAGANDA AND TRADE, ONLY THE AMBIANCE OF RELATIONS WITH THE CAPITALIST COUN-

TRIES HAS SO FAR BEEN AFFECTED. IN THESE AREAS THERE APPEARS TO BE A REGIME CONSENSUS ON THE NEED TO IMMUNIZE THE POPULATION FROM THE CONTAMINATING EFFECTS OF THE OPENING TO THE WEST. OUR VISCERAL FEELING IS THAT CHOU HAS GIVEN WAY ON THE GREATER VERBALIZATION OF IDEOLOGICAL POSITIONS IN ORDER TO NEUTRALIZE OR DIVERT CRITICISM FROM THE SUBSTANCE OF HIS POLICIES.

4. EXTENSION OF THE DEBATE TO THE QUESTION OF TAIWAN HAS BEEN SUGGESTED BY PEKING'S MORE MILITANT RECENT TREATMENT OF THIS ISSUE (HONG KONG 2501)--PARTICULARLY BY THE OSCILLATION NOTED ON THE USE OF THE TERM "PEACEFUL LIBERATION"--AND BY CRITICISM IN THE HISTORICAL CONTEXT OF THOSE WHO URGED ACCOMMODATION BETWEEN THE CCP AND THE KMT IN 1949. ACCORDING TO A RECENT INTELLIGENCE REPORT, CHOU HAS BEEN UNDER PRESSURE FROM CHIANG CHING AND OTHER POLITICAL OPPONENTS TO TAKE TOUGHER STAND ON THE TAIWAN ISSUE. THAT INTERNAL CRITICS ACTUALLY EXPECT NEAR-TERM CONCRETE GAINS IN REGARD TO TAIWAN IS QUESTIONABLE, BUT AT THE MINIMUM THEY SEEM TO HAVE OBJECTED TO EMPHASIZING THE LINE OF "PEACEFUL" REUNIFICATION, PRESUMABLY BECAUSE IT THREATENED TO ERODE CHINA'S MANEUVERABILITY. APART FROM THE DOMESTIC CONSIDERATION, PEKING'S TOUGHER LINE HAS ALSO APPEARED TO BE RELATED TO HEIGHTENED CONCERN OVER INTEREST IN TAIWAN BY THE SOVIETS AND JAPANESE-RIGHTIST. HERE AGAIN THE CHANGES HAVE SO FAR BEEN VERBAL AND CAREFULLY FRAMED TO AVOID DIRECT CRITICISM OF U.S. POLICY AND ANY IMPLICATION THAT THE SHANGHAI COMMUNIQUE'S UNDERSTANDING ON TAIWAN WAS NO LONGER VALID.

5. THERE IS STILL NO REASON TO BELIEVE THAT THE BASIC TENETS AND RATIONALE OF AN EXPEDIENT WORKING RELATIONSHIP WITH THE U.S. AND OTHER CAPITALIST POWERS IS BEING CHALLENGED. BUT THE LEFTIST AND PRESUMABLY THE MILITARY TENDENCY TO UNDERSCORE THE TENUOUS NATURE OF DETENTE WITH "IMPERIALISTS," PROBABLY LIES  
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PAGE 04 HONG K 03871 01 OF 02 080859Z

BEHIND THE CONTINUING DEBATE ON DEFENSE POLICY ( A DEBATE TO WHICH CHIAO KUAN-HUA REFERRED IN RECENT DIPLOMATIC CONVERSATION). THE ARGUMENT ON DEFENSE, WHICH WE ASSUME CENTERS ON THE TOTAL AMOUNT OF DEFENSE SPENDING AS WELL AS ON PRIORITIES WITHIN THE MILITARY BUDGET, HAS BEEN CAREFULLY SHIELDED FROM PUBLIC VIEW. HOWEVER, IT IS PROBABLE THAT THE INTERNAL DISPUTE HAS BEEN AFFECTED BY RECENT WORLD DEVELOPMENTS WHICH HAVE OPENED UP TO QUESTIONING SEVERAL BASIC ASSUMPTIONS IN THE CHOUIST WORLD VIEW. THESE DEVELOPMENTS INCLUDE INCREASED CONCERN ABOUT THE POTENTIAL OF A RIGHTIST RESURGENCE IN JAPAN; THE DEFLATION OF EXPECTATIONS ABOUT EUROPEAN UNITY; AND UNCERTAINTY ABOUT THE PATH OF U.S.-SOVIET DETENTE AS WELL AS ABOUT U.S. STRENGTH AND WILLINGNESS TO CONTEND WITH THE USSR. THESE DEVELOPMENTS HAVE RAISED QUESTIONS ABOUT THE PREDICTABILITY OF THE COURSE OF WORLD POLITICS AND PROBABLY

HAVE BEEN EXPLOITED BY THOSE WHO ARGUE FOR MORE AUTARKIC  
POLICIES AND FOR A WORST-CASE ANALYSIS OF DEFENSE NEEDS.

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PAGE 01 HONG K 03871 02 OF 02 080911Z

15

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CINCPAC HONOLULU HI

C O N F I D E N T I A L SECTION 2 OF 2 HONG KONG 3871

CINCPAC FOR POLAD

6. THE OFFICIAL AND PRESUMABLY THE CHOUIST RESPONSE HAS BEEN  
TO UNDERSCORE THE BASIC EVER-SHARPENING CONTENTION IN U.S.-USSR  
RELATIONS. THE CURRENTLY LESS AUSPICIOUS MOOD IN WASHINGTON-  
MOSCOW AFFAIRS HAS BEEN EAGERLY SEIZED UPON BY PEKING MEDIA.

THE WELTANSCHAUUNG OF GREAT UPHEAVAL HAS ALSO BEEN AMENDED TO  
INCLUDE THE CONSEQUENCES OF THE ENERGY CRISIS, THE PROMISED  
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PAGE 02 HONG K 03871 02 OF 02 080911Z

ACQUISITION BY ARABS AND OTHER OIL PRODUCERS OF CONSIDERABLE  
MONETARY POWER, AND THE POSSIBILITY OF SOCIAL AND ECONOMIC DIS-  
ORDERS IN THE CAPITALIST COUNTRIES. PEKING HAS ACCENTUATED THE  
POSITIVE ECONOMIC AND STRATEGIC ADVANTAGES FOR CHINA OF THE  
FIRST TWO DEVELOPMENTS AND HAS FOUND THE LATTER A USEFUL  
IDEOLOGICAL FACTOR WHICH CAN BE THROWN INTO THE PICTURE OF  
POWER POLITICS. AT THE SAME TIME THE CHINESE HAVE BEEN IGNORING  
THE NEGATIVE STRATEGIC IMPLICATIONS OF THE CAPITALIST PROBLEMS  
ON EEC, NATO, AND U.S. UNITY AND CAPABILITIES. WE SUSPECT,  
HOWEVER, THAT CHOU HAS WELCOMED THE FAILURE OF EARLIER  
CATAclysmic PREDICTIONS WHICH FORESAW ECONOMIC COLLAPSE IN THE  
WEST.

7. THE QUESTION OF WHETHER OR NOT CHINA'S PRESENT DIPLO-  
MACY IS CONSISTENT WITH ITS REVOLUTIONARY COMMITMENT HAS, WE  
BELIEVE, ALSO BEEN A CONTINUING SUBJECT OF DEBATE. A NEW MAO  
INSTRUCTION REAFFIRMING THE PRC IMPERATIVE AS A COMMUNIST  
STATE TO ASSIST UNDEFINED REVOLUTIONARY OR PEOPLES'  
STRUGGLES ABROAD WAS RECENTLY REFERRED TO IN SEPARATE SPEECHES  
BY CHOU AND THE THIRD RANKING, PRESUMED RADICAL WANG HUNG-WEN.  
THE MAO INSTRUCTION APPEARED TO HAVE BEEN GIVEN IN THE CONTEXT  
OF RECENT LEADERSHIP DISCUSSION OF THIS SUBJECT (HONG KONG 3817).  
THE STATEMENT MAY BE INTERPRETED AS A REASSURANCE THAT CHINA'S  
PRESENT CONCENTRATION ON SUPPORTING NATIONALISTIC AS DISTINCT  
FROM SOCIAL REVOLUTIONS IS APPROPRIATE IN THE PRESENT STAGE OF  
WORLD HISTORY. THUS CHOU HAS BEEN UNDERSCORING IN THE ABSTRACT  
CHINA'S INTERNATIONAL PROLETARIAN CREDENTIALS WHILE CONTINUING  
TO BE CAUTIOUS AND PRAGMATIC ON SPECIFIC ISSUES SUCH AS THE WAR  
IN CAMBODIA (HONG KONG 3673).

8. CHINA'S SHARPENED POLEMICS WITH THE SOVIETS AND, ESPECIALLY,  
THE DRAMATIC CAPTURES OF ALLEGED SPIES AND AN INTRUDING HELI-  
COPTER, HAVE ALSO SERVED CHOU'S PURPOSES. THESE INCIDENTS HAVE  
UNDERSCORED SOVIET UNTRUSTWORTHINESS AND EVIL INTENTIONS WITHOUT  
RAISING THE ALARM OF A NEAR-TERM WAR. INDEED, CHOU CONTINUES  
THE PATTERN BEGUN LAST SUMMER OF BRANDING THE SOVIETS AS  
TACTICALLY WEAK DESPITE THEIR EXPANSIONIST AMBITIONS AND  
DECLARING THAT THE FOCUS OF THESE AMBITIONS IS IN EUROPE.  
DRAGGING THE SOVIETS IN AS A MAIN TARGET IN THE ANTI-LIN,  
ANTI-CONFUCIUS CAMPAIGN ALSO STRIKES US AS A CHOU-INSPIRED  
TACTIC.

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PAGE 03 HONG K 03871 02 OF 02 080911Z

9. MORE CONCRETELY, PEKING, HAS BEEN TRYING TO GIVE GREATER SUBSTANCE AND VIGOR TO ITS ROLE OF THIRD WORLD CHAMPION. CHINESE SPOKESMEN HAVE BEEN PLAYING UP THE PROMISE OF GREATER POWER FOR RAW-MATERIAL PRODUCERS AND THEIR COMMON GOALS WITH CHINA VIS-A-VIS THE RICH PART OF THE WORLD. THE FORTHCOMING SPECIAL SESSION OF THE UN WILL PROBABLY WITNESS A MORE MILITANT PRC POSTURE IN BACKING DEVELOPING COUNTRIES AGAINST THE INDUSTRIALIZED NATIONS. THE U.S. AS WELL AS THE SOVIETS MAY EXPECT HARD BLOWS. THIS STAND NOT ONLY EXPLOITS AN OBVIOUS DIPLOMATIC OPPORTUNITY VIS-A-VIS THE SUPERPOWERS BUT ALSO IN THE DOMESTIC CONTEXT PROBABLY PROVIDED CHOU WITH PROOF THAT A POLICY OF PEACEFUL CO-EXISTENCE CAN BE DYNAMIC.

10. WHATEVER HIS DISTRACTIONS AT HOME, CHOU HAS ALSO CONTINUED TO IMPLEMENT A VIGOROUS AND CLASSICAL DIPLOMACY IN ASIA AIMED AT ACHIEVING A CO-OPERATIVE RELATIONSHIP WITH JAPAN; CONTINUATION OF A LOW-POSTURE JAPANESE FOREIGN POLICY; STABILITY IN THE KOREAN PENINSULA; ACCOMMODATION WITH NON-COMMUNIST SOUTHEAST ASIAN GOVERNMENTS; TRANSITIONAL SAAIMBEMENTS IN INDOCHINA, AND FREEZING OF THE STATUS QUO IN SOUTH AND WEST ASIA'S GEO-POLITICAL MAP. THE CONTINUING OBJECTIVES OF THIS DIPLOMACY HAVE BEEN TO COUNTER SOVIET MOVES AND MAXIMIZE CHINESE INFLUENCE. SO FAR THERE SEEMS TO BE NO SERIOUS CHALLENGE WITHIN PEKING EITHER TO THE GOALS OR TO THE MANNER IN WHICH CHOU HAS BEEN TRYING TO ACHIEVE THEM. PERHAPS, MOST IMPORTANTLY, THERE HAS YET BEEN NO SIGN OF SERIOUS OPPOSITION TO THE TENET THAT U.S. FORCE AND PRESENCE IN ASIA AS IN EUROPE IS A NECESSARY EVIL, WHOSE REMOVAL AT THIS TIME WOULD CREATE A VACUUM VERY LIKELY TO BE FILLED BY THE BIGGEST EVIL OF ALL, THE SOVIET UNION.

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